

(1) Must be in the form of a supplemental bond or bonds meeting the requirements of §256.54 (General requirements for bonds) or an increase in the coverage of an existing surety bond.

(2) Covers additional costs and liabilities for regulatory compliance, including well abandonment, platform and structure removal, and site clearance from the seafloor of the right-of-use and easement.

SUSPENSIONS

§ 250.168 May operations or production be suspended?

(a) You may request approval of a suspension, or the Regional Supervisor may direct a suspension (Directed Suspension), for all or any part of a lease or unit area.

(b) Depending on the nature of the suspended activity, suspensions are labeled either Suspensions of Operations (SOO) or Suspensions of Production (SOP).

§ 250.169 What effect does suspension have on my lease?

(a) A suspension may extend the term of a lease (see §250.180(b)). The extension is equal to the length of time the suspension is in effect, except as provided in paragraph (b) of this section.

(b) A Directed Suspension does not extend the term of a lease when the Regional Supervisor *directs* a suspension because of:

- (1) Gross negligence; or
- (2) A willful violation of a provision of the lease or governing statutes and regulations.

§ 250.170 How long does a suspension last?

(a) MMS may issue suspensions for up to 5 years per suspension. The Regional Supervisor will set the length of the suspension based on the conditions of the individual case involved. MMS may grant consecutive suspension periods.

(b) An SOO ends automatically when the suspended operation commences.

(c) An SOP ends automatically when production begins.

(d) A Directed Suspension normally ends as specified in the letter directing the suspension.

(e) MMS may terminate any suspension when the Regional Supervisor determines the circumstances that justified the suspension no longer exist or that other lease conditions warrant termination. The Regional Supervisor will notify you of the reasons for termination and the effective date.

§ 250.171 How do I request a suspension?

You must submit your request for a suspension to the Regional Supervisor, and MMS must receive the request before the end of the lease term (i.e., end of primary term, end of the 180-day period following the last leaseholding operation, and end of a current suspension).

(a) The justification for the suspension including the length of suspension requested;

(b) A reasonable schedule of work leading to the commencement or restoration of the suspended activity;

(c) A statement that a well has been drilled on the lease and determined to be producible according to §§250.115, 250.116, or 250.1603 (SOP only); and

(d) A commitment to production (SOP only).

§ 250.172 When may the Regional Supervisor grant or direct an SOO or SOP?

The Regional Supervisor may grant or direct an SOO or SOP under any of the following circumstances:

(a) When necessary to comply with judicial decrees prohibiting any activities or the permitting of those activities. The effective date of the suspension will be the effective date required by the action of the court;

(b) When activities pose a threat of serious, irreparable, or immediate harm or damage. This would include a threat to life (including fish and other aquatic life), property, any mineral deposit, or the marine, coastal, or human environment. MMS may require you to do a site-specific study. (See §250.177(a).)

(c) When necessary for the installation of safety or environmental protection equipment;

(d) When necessary to carry out the requirements of NEPA or to conduct an environmental analysis; or

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(e) When necessary to allow for inordinate delays encountered in obtaining required permits or consents, including administrative or judicial challenges or appeals.

§ 250.173 When may the Regional Supervisor direct an SOO or SOP?

The Regional Supervisor may direct a suspension when:

- (a) You failed to comply with an applicable law, regulation, order, or provision of a lease or permit; or
- (b) The suspension is in the interest of national security or defense.

§ 250.174 When may the Regional Supervisor grant or direct an SOP?

The Regional Supervisor may grant or direct an SOP when the suspension is in the national interest, and it is necessary because the suspension will meet one of the following criteria:

- (a) It will allow you to properly develop a lease, including time to construct and install production facilities;
- (b) It will allow you time to obtain adequate transportation facilities;
- (c) It will allow you time to enter a sales contract for oil, gas, or sulphur. You must show that you are making an effort to enter into the contract(s); or
- (d) It will avoid continued operations that would result in premature abandonment of a producing well(s).

§ 250.175 When may the Regional Supervisor grant an SOO?

(a) The Regional Supervisor may grant an SOO when necessary to allow you time to begin drilling or other operations when you are prevented by reasons beyond your control, such as unexpected weather, unavoidable accidents, or drilling rig delays.

(b) The Regional Supervisor may grant an SOO when all of the following conditions are met:

- (1) The lease was issued with a primary lease term of 5 years, or with a primary term of 8 years with a requirement to drill within 5 years;
- (2) Before the end of the third year of the primary term, you or your predecessor in interest must have acquired and interpreted geophysical information that indicates:
 - (i) The presence of a salt sheet;

(ii) That all or a portion of a potential hydrocarbon-bearing formation may lie beneath or adjacent to the salt sheet; and

(iii) The salt sheet interferes with identification of the potential hydrocarbon-bearing formation.

(3) The geologic information required under paragraph (b)(2) of this section must include full 3-D depth migration beneath the salt sheet and over the entire lease area.

(4) Before requesting the suspension, you have conducted or are conducting additional data processing or interpretation of the geophysical information with the objective of identifying a potential hydrocarbon-bearing formation.

(5) You demonstrate that additional time is necessary to:

- (i) complete current processing or interpretation of existing geophysical data or information;
- (ii) acquire, process, or interpret new geophysical data or information; or
- (iii) drill into the potential hydrocarbon-bearing formation identified as a result of the activities conducted in paragraphs (b)(2), (b)(4), and (b)(5) of this section.

[64 FR 72775, Dec. 28, 1999, as amended at 67 FR 44360, July 2, 2002]

§ 250.176 Does a suspension affect my royalty payment?

A directed suspension may affect the payment of rental or royalties for the lease as provided in § 218.154.

§ 250.177 What additional requirements may the Regional Supervisor order for a suspension?

If MMS grants or directs a suspension under paragraph § 250.172(b), the Regional Supervisor may require you to:

- (a) Conduct a site-specific study.
 - (1) The Regional Supervisor must approve or prescribe the scope for any site-specific study that you perform.
 - (2) The study must evaluate the cause of the hazard, the potential damage, and the available mitigation measures.
 - (3) You must pay for the study unless you request, and the Regional Supervisor agrees to arrange, payment by another party.